

A GUIDEBOOK FOR
THE
LETTER OF CREDIT
PROCESS

FOREWORD

Enclosed is a Guide to help you through the Letter of Credit Reporting Process. It is intended to be a complete set of instructions with examples. A copy of the NASA Financial Management Manual 9280-2A and 9280-2B INSTRUCTION TO RECIPIENT ORGANIZATIONS is also enclosed.

Please contact one of the persons on the enclosed contact page if you have questions.

CONTACTS FOR
NASA GODDARD
THE DEPARTMENT OF HEALTH AND HUMAN SERVICES

NAMES, PHONE NUMBERS, FAX NUMBERS, ADDRESSES

NASA GODDARD

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THE DEPARTMENT OF HEALTH AND HUMAN SERVICES (DHHS)

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Rockville, Maryland 20852

OVERNIGHT MAIL:
11400 Rockville Pike
Rockville Building #I, 8th Floor
Rockville, Maryland 20853

Joseph Pell (301) 443-2090

GENERAL GUIDELINES
FOR THE QUARTERLY
FEDERAL CASH TRANSACTIONS REPORT

- I The Federal Cash Transactions Report is DUE 15 WORKING DAYS AFTER THE END OF EACH QUARTER. It is realized that some organizations may be closing their books for the end of their fiscal year, and wish to have the due date for the report extended. NASA GSFC does have the authority to extend the due date for the report. In order to have the due date for the report extended the following guidelines must be adhered to:
- a. A letter must be submitted to the Letter of Credit section at NASA GSFC on or before the quarterly due date, stating the report will be received late and the reason(s) why the report will be received late.
 - b. The letter should also state when NASA GSFC can expect to receive the report in their office. A specific date should be given as to when the report will be received.
 - c. If the report is not received by NASA GSFC on or before the date stated on the letter, the organization's Letter of Credit account at the Department of Health and Human Services will be "frozen" until the report is received and all the necessary information is found in the report.

Extending the quarterly due date should only be used in cases where it is absolutely necessary. This is a courtesy that should not be used on a continual basis. It is still essential the report arrives at NASA GSFC in a timely manner, so it can be processed promptly.

2. The fiscal year is broken down into the following quarters:

January 1st to March 31st
April 1st to June 30th
July 1st to September 30th
October 1st to December 31st

The Federal Cash Transactions Report is due 15 working days from the ending date of each of the fiscal quarters.

3. Federal regulations state that the original and two copies of the Federal Cash Transactions Report must be submitted to NASA Goddard. However, the original copy of the report is all that is needed at NASA Goddard. Now that our society is trying to be more environmentally conscious, no extra copies of the report are required. Organizations may also fax NASA Goddard copy of the report in order to meet the Quarterly due date. However, the original of the report must still be mailed to NASA Goddard.
4. Facsimiles (i.e. computer designed forms) of the Federal Cash Transactions Report may be used. However, it is imperative that all the essential information still be accounted for on the report.
5. The following grants can be identified as belonging to NASA Goddard NGT5, NAS5, NAG5, NCC5. Some organizations do have grants with other NASA installations. Each NASA installation, including Goddard has a system, unique to that particular installation, of identifying the grants. For example, NASA Goddard Space Flight Center identifies some of their grants as NAG5.

On pages 8 through 13 are examples of quarterly Federal Cash Transactions Reports. Detailed instruction sheets explaining the reports. May be found starting on this page and continue through page 7. The information contained on the reports is fictitious in nature, and any similarities to the Letter of Credit organizations is purely coincidental.

DETAILED INSTRUCTIONS TO COMPLETE THE FEDERAL CASH TRANSACTIONS REPORTS

Sample Federal Cash Transactions Reports for the quarters ending 3/31, 6/30 and 9/30 have been included in this guidebook. The set of the instructions that are customarily found on the backside of the Federal Cash Transactions Report can be found on page 14 of the guidebook.

Some of the items to be completed on the Federal Cash Transactions Report are fairly self-explanatory. This guidebook will clarify and concentrate on those items where NASA Goddard feels there may be some misunderstandings or difficulties in completing. The Federal Cash Transactions Report will be explained by item number.

- ITEM 2 Please make sure the address in this box is correct and if appropriate, is sent to the correct office and the proper attention.
- ITEM 6 Every organization is given a Letter of Credit number. This number is ten digits in length. The first six digits are always 000051. The last four digits indicate the organization's Letter of Credit number. For example, if the number is 000051 197 the letter of credit number is 0197(or the zero(s) can be dropped to show just 197.
- ITEM 11a Enter the total amount of cash on hand at the beginning of the reporting period. The sample report for the quarter ending 6/30/94 has a cash on hand balance of \$1,010.95. This amount was carried forward from the quarter ending 3/31/94 report. In the 3/31/94 report this amount is shown in Item 11j.
- ITEM 11b Enter the total amount of funds received through payment vouchers (draw downs from Payment Management System at the Department of Health and Human Services) that were credited to your account during the reporting period.
- ITEM 11d Add Items 11b and 11c to arrive at a combined total.
- ITEM 11e Add Items 11a and 11d to arrive at a combined total.
- ITEM 11f Enter the total cash disbursements made during the reporting period. Disbursements as used here also include any amount of advances and payments received.
- ITEM 11h Subtract Item 11g from 11f to arrive at the figure.
- ITEM 11i The sample report for the quarter ending 9/30/94 illustrates an example of an adjustment of a prior period. Be certain to indicate in Item 14 labeled "Remarks", which grant(s) the adjustment(s) has occurred against. In this example, the organization reported \$100.00 less than it should have in the 6/30/94 quarterly report. This adjustment is accounted for Item 11i in the 9/30/94 quarterly report. The adjustment occurred in grant NGT 99534. The adjustment should have been a part of the net disbursement for the grant in the 6/30/94 quarterly report. However, for reasons unknown, this \$ 100.00 did not get reported. Therefore, this amount has been shown as an adjustment of prior periods in the 9/30/94 quarterly report. The adjustment should not be shown in the net disbursements for the grant (column C on the second page of the report) in the 9/30/94 quarterly report. However, the \$100.00 does get added into the cumulative net disbursements for the grant (column D on the second page of the report) in the 9/30/94 quarterly report. If the adjustment is an increase in the amount of disbursements being reported, the amount is subtracted from Item 11i (your organization will have LESS cash on hand). If the adjustment is a decrease in the amount of disbursements being reported, the amount is added into Item 11i (your organization will have MORE cash on hand). An adjustment may need to be made to the Letter of Credit

withdrawals (Item 11b). If this is the case, the adjustment is to be reflected in Item 11 i. For example, if the Letter of Credit withdrawals was reported \$1,000.00 less than it should have been, the adjustment for the prior period would be added to Item 11 j. If the Letter of Credit withdrawals was reported \$1,000.00 more than it should have been, the adjustment for prior period would be subtracted from Item 11 j.

ITEM 11 j This item should be calculated in the following manner: line e, less line h, plus or minus line i. The amount should be negative. If the amount calculated is positive it is referred to as "excess cash on hand". When this is the case, as in the sample quarterly report 3/31/94, 3/31/94, ITEM 12 MUST BE COMPLETED.

ITEM 12 Enter in Item 12 the estimated number of days until the cash on hand will be expended. If this number is more than three days, an explanation should be given in Item 14 as to why the draw down was made prematurely.

The organizations are allowed to earned up to \$250.00 in interest per year on their account. Interest earned on advances in excess of \$250.00 per year should be remitted, but not less frequently than annually. Interest due on Letter of Credit advances shall be remitted to the Department of Health and Human Services - Department of Federal Assistance Financing at the following address:

Chief Recipient Financing and Cash Management Branch
P.O. Box 6021
Rockville, Maryland 20852

The remittance should be made payable to the Department of Health and Human Services and should indicate the recipient organizations Entity Identification Number (EIN) and the reason, i.e. "Interest Earned".

ITEM 13 Enter the amount of interest earned on the advances of funds that are not remitted to the agency. The sample report for the quarter ending 3/31/94 shows that \$6.95 was earned in interest for the two days the organization had excess cash on hand. If the amount of interest is within the \$250.00 allotted limit, a check does not need to be sent. If the interest is over the \$250.00 allotted limit, a check needs to be sent to the Department of Health and Human Services. If a check is sent, please note this in Item 14 labeled "Remarks", to ensure that your account will not be "frozen" at the Department of Health and Human Services

ITEM 14 It would be appreciated by the Letter of Credit accounting personnel at NASA Goddard, if the organizations would indicate in this area who prepared the report, their telephone number and fax number. This will help to direct any inquiries that NASA Goddard may have about the report to the proper individual.

PAGE TWO
(SF 272-A)

This page shows the net disbursements and cumulative net disbursements for the grants. Please double check all figures to make sure they are adding up correctly and coincide with the previous figures from the last quarterly report.

For example, the cumulative net disbursements for grant NAG 7298 for the quarter ending 3/31/94 are \$21,698.82. The quarter ending 6/30/94 shows a net disbursement of \$3,675.00 for grant NAC - 57298. By adding the 3/31/94 cumulative net disbursements of \$21,698.82 to the 6/30/94 net disbursement of \$3,675.00, the cumulative net disbursements for the quarter ending 6/30/94, becomes \$25,373.82.

Another reminder is to check the total figure at the bottom of Column C on the second page of the quarterly report. This figure should agree with the figure in Item 11h on the first page of the quarterly report.

If your organization has converted from the cash payments system to the Letter of Credit system, be sure to carry forward any cumulative net disbursement totals that accumulated while the grant(s) were under the cash payments system.

If any part of the Federal Cash Transactions Report (including the cash forecast) has been prepared incorrectly, your organization will receive a telephone call and/or a letter notifying your organization of the errors that have occurred. Your account at the Department of Health and Human Services will be "frozen" (funds will not be able to be drawn down) until the errors have been corrected. This is why it is imperative that these reports be prepared correctly. Your account will also be frozen if the report is not received by the quarterly due date. NASA Goddard is now allowing a copy of the report to be faxed to the accounting office so your organization can meet quarterly due date.

<div>FEDERAL CASH TRANSACTIONS REPORT</div> <div>(See instructions on the back. If report is for more than one grant or assistance agreement, attach completed Standard Form 272-A.)</div>			Approved by Office of Management and Budget, No. 80-RO182		
<div>2. RECIPIENT ORGANIZATION or</div> <div>NameThompson University</div> <div>number235 Second Street</div> <div>Number and StreetAttention: John Doe</div> <div>City, State and ZIP Code:Washington, D.C. 20002</div>			1. Federal sponsoring agency and organizational element to which this report is submitted		
			NASA Goodard		
			4. Federal grant or other identification number	5. Recipient's account number identifying number	
			see page 2	see page 2	
			6. Letter of credit number	7. Last payment voucher	
			199	N/A	
			Give total number for this period		
			8. Payment Vouchers credited to your account	9. Treasury checks received (whether or not deposited)	
3. FEDERAL EMPLOYER IDENTIFICATION NO. 82-0006719			10. PERIOD COVERED BY THIS REPORT		
			FROM (month, day, year)	TO (month, day year)	
			10/01/99	12/31/99	
11. STATUS OF FEDERAL CASH	a. Cash on hand beginning of reporting period		\$	(2,106.20)	
	b. Letter of credit withdrawals			17,500.00	
	c. Treasury check payments				
	d. Total receipts (Sum of lines b and c)			17,500.00	
	e. Total cash available (Sum of lines a and d)			15,393.80	
	f. Gross disbursements			17,878.01	
	g. Federal share of program income				
	h. Net disbursements (Line f minus line g)			17,878.01	
	i. Adjustments of prior periods			+100.00	
	j. Cash on hand end of period		\$	(2,584.21)	
12. THE AMOUNT SHOWN ON LINE 11J, ABOVE, REPRESENTS CASH REQUIREMENTS FOR THE ENSUING Days		13. OTHER INFORMATION			
		a. Interest income	\$		
		b. Advances to subgrantees or subcontractors	\$		
14. REMARKS (Attach additional sheets of plain paper, if more space is required)					
Adjustment for prior period for NGTG99534 - Increases of \$100.00					
Report Prepared By: John Doe Phone Number: (716) 772-0011 FAX Number: (716) 772-6904					
15. CERTIFICATION					
I certify to the best of my knowledge and belief that this report is true in all respects and that all disbursements have been made for the purpose and conditions of the grant or agreement	AUTHORIZED	SIGNATURE		DATE REPORT SUBMITTED	
	CERTIFYING			01/18/00	
	OFFICIAL	TYPED OR PRINTED NAME AND TITLE			
		Jane Doe, Supervisor Letter of Credit			
		(Area Code)	(Number)	(Extension)	
		TELEPHONE 716	772-0099		
THIS SPACE FOR AGENCY USE					

FEDERAL CASH TRANSACTIONS REPORT

Approved by Office of Management and Budget No. 80-RO182

CONTINUATION

(This form is completed and attached to Standard Form 272 only when reporting more than one grant or assistance agreement.)

2. RECIPIENT ORGANIZATION (Give name only as shown in item 2, SF 272)

Thompson University
235 Second Street
Washington, D.C. 20002

1. FEDERAL SPONSORING AGENCY AND ORGANIZATIONAL
 ELEMENT TO WHICH THIS REPORT IS SUBMITTED

NASA Goddard

3. PERIOD COVERED BY THIS REPORT (As shown on SF 272)

FROM (month, day, year)

TO (Month, day, year)

10/01/99

12/31/99

4. List information below for each grant or other agreement covered by this report. Use additional forms if more space is required.

FEDERAL GRANT OR OTHER IDENTIFICATION NUMBER (Show a subdivision by other identifying numbers if required by the Federal Sponsoring Agency)	RECIPIENT ACCOUNT NUMBER OR OTHER IDENTIFYING NUMBER	FEDERAL SHARE OF NET DISBURSEMENTS	
		NET DISBURSEMENTS (Gross disbursements less program income, received) FOR REPORTING PERIOD	CUMULATIVE NET DISBURSEMENTS
(a)	(b)	(c)	(d)
NAGW5 7298	F535-0	\$ 4,795.16	\$ 30,168.98
NGT5 99534	G697-1	13,082.85	65,100.00
5. TOTALS (Should correspond with amounts shown on SF 272 as follows: column (c) the same as line 11h; column (d) the sum of lines 11h and 11i of this SF 272 and cumulative disbursements shown on last report. Attach explanation of any differences.)		\$ 17,878.01	\$ 95,268.98

<div>FEDERAL CASH TRANSACTIONS REPORT</div> <div>(See instructions on the back. If report is for more than one grant or assistance agreement, attach completed Standard Form 272-A.)</div>			<div>1. Federal sponsoring agency and organizational element to which this report is submitted</div> <div>NASA Goodard</div>	
<div>2. RECIPIENT ORGANIZATION or</div> <div>NameThompson University</div> <div>number235 Second Street</div> <div>NumberAttention: John Doe</div> <div>and Street</div> <div>City, State and ZIP Code:Washington, D.C. 20002</div>			<div>4.Federal grant or other identification number</div> <div>see page 2</div>	<div>5. Recipient's account umber identifying number</div> <div>see page 2</div>
			<div>6. Letter of credit number</div> <div>199</div>	<div>7. Last payment voucher</div> <div>N/A</div>
			<div>Give total number for this period</div>	
			<div>8. Payment Vouchers credited to your account</div>	<div>9. Treasury checks received (whether or not deposited)</div>
<div>3. FEDERAL EMPLOYER IDENTIFICATION NO. 82-0006719</div>			<div>10. PERIOD COVERED BY THIS REPORT</div> <div>FROM (month, day, year)10/01/99</div> <div>TO (month, day year)12/31/99</div>	
<div>11. STATUS OF FEDERAL CASH</div> <div>(See specific instructions on the back)</div>	<div>a. Cash on hand beginning of reporting period</div>	\$	1,010.95	
	<div>b. Letter of credit withdrawals</div>		8,750.00	
	<div>c. Treasury check payments</div>			
	<div>d. Total receipts (Sum of lines b and c)</div>		8,750.00	
	<div>e. Total cash available (Sum of lines a and d)</div>		9,760.95	
	<div>f. Gross disbursements</div>		11,867.15	
	<div>g. Federal share of program income</div>			
	<div>h. Net disbursements (Line f minus line g)</div>		11,867.15	
	<div>i. Adjustments of prior periods</div>			
	<div>j. Cash on hand end of period</div>	\$	(2,106.20)	
<div>12. THE AMOUNT SHOWN ON LINE 11J, ABOVE, REPRESENTS CASH REQUIREMENTS FOR THE ENSUING Days</div>	<div>13. OTHER INFORMATION</div> <div>a. Interest income</div> <div>\$</div> <div>b. Advances to subgrantees or subcontractors</div> <div>\$</div>			
<div>14. REMARKS (Attach additional sheets of plain paper, if more space is required)</div> <div>FAX Number (716) 772-6904</div> <div>Report Prepared By: John Doe Phone Number: (716) 772-0011</div>				
<div>15. CERTIFICATION</div> <div>I certify to the best of my knowledge and belief that this report is true in all respects and that all disbursements have been made for the purpose and conditions of the grant or agreement</div> <div>AUTHORIZED CERTIFYING OFFICIAL</div> <div>SIGNATURE</div> <div>DATE REPORT SUBMITTED 01/18/00</div> <div>TYPED OR PRINTED NAME AND TITLE</div> <div>Jane Doe, Supervisor Letter of Credit</div> <div>(Area Code) (Number) (Extension)</div> <div>TELEPHONE 716 772-0099 </div>				
<div>THIS SPACE FOR AGENCY USE</div>				

FEDERAL CASH TRANSACTIONS REPORT

Approved by Office of Management and Budget No. 80-RO182

CONTINUATION

(This form is completed and attached to Standard Form 272 only when reporting more than one grant or assistance agreement.)

2. RECIPIENT ORGANIZATION (Give name only as shown in item 2, SF 272)

Thompson University
235 Second Street
Washington, D.C. 20002

1. FEDERAL SPONSORING AGENCY AND ORGANIZATIONAL

ELEMENT TO WHICH THIS REPORT IS SUBMITTED

NASA Goddard

3. PERIOD COVERED BY THIS REPORT (As shown on SF 272)

FROM (month, day, year)

TO (Month, day, year)

10/01/99

12/31/99

4. List information below for each grant or other agreement covered by this report. Use additional forms if more space is required.

FEDERAL GRANT OR OTHER IDENTIFICATION NUMBER (Show a subdivision by other identifying numbers if required by the Federal Sponsoring Agency)	RECIPIENT ACCOUNT NUMBER OR OTHER IDENTIFYING NUMBER	FEDERAL SHARE OF NET DISBURSEMENTS	
		NET DISBURSEMENTS (Gross disbursements less program income, received) FOR REPORTING PERIOD	CUMULATIVE NET DISBURSEMENTS
(a)	(b)	(c)	(d)
NAGW5 7298	F535-0	\$ 3,675.00	\$ 25,373.82
NGT5 99534	G697-1	\$ 8,192.15	\$ 51,917.15
5. TOTALS (Should correspond with amounts shown on SF 272 as follows: column (c) the same as line 11h; column (d) the sum of lines 11h and 11i of this SF 272 and cumulative disbursements shown on last report. Attach explanation of any differences.)		\$ 11,867.15	\$ 77,290.97

<div>FEDERAL CASH TRANSACTIONS REPORT</div> <div>(See instructions on the back. If report is for more than one grant or assistance agreement, attach completed Standard Form 272-A.)</div>			<div>1. Federal sponsoring agency and organizational element to which this report is submitted</div> <div>NASA Goodard</div>																			
<div>2. RECIPIENT ORGANIZATION or</div> <div>NameThompson University</div> <div>number235 Second Street</div> <div>NumberAttention: John Doe</div> <div>and Street</div> <div>City, State and ZIP Code:Washington, D.C. 20002</div>			<div>4.Federal grant or other identification number</div> <div>see page 2</div>	<div>5. Recipient's account umber identifying number</div> <div>see page 2</div>																		
			<div>6. Letter of credit number</div> <div>199</div>	<div>7. Last payment voucher</div> <div>N/A</div>																		
			<div>Give total number for this period</div>																			
			<div>8. Payment Vouchers credited to your account</div>	<div>9. Treasury checks received (whether or not deposited)</div>																		
<div>3. FEDERAL EMPLOYER IDENTIFICATION NO. 82-0006719</div>			<div>10. PERIOD COVERED BY THIS REPORT</div> <div>FROM (month, day, year)10/01/99</div> <div>TO (month, day year)12/31/99</div>																			
<div>11. STATUS OF FEDERAL CASH</div> <div>(See specific instructions on the back)</div>	<div>a. Cash on hand beginning of reporting period</div>	\$	<div>(1,470.63)</div>																			
	<div>b. Letter of credit withdrawals</div>		<div>20,097.00</div>																			
	<div>c. Treasury check payments</div>																					
	<div>d. Total receipts (Sum of lines b and c)</div>		<div>20,097.00</div>																			
	<div>e. Total cash available (Sum of lines a and d)</div>		<div>18,626.37</div>																			
	<div>f. Gross disbursements</div>		<div>17,615.42</div>																			
	<div>g. Federal share of program income</div>																					
	<div>h. Net disbursements (Line f minus line g)</div>		<div>17,615.42</div>																			
	<div>i. Adjustments of prior periods</div>																					
	<div>j. Cash on hand end of period</div>	\$	<div>1,010.95</div>																			
<div>12. THE AMOUNT SHOWN ON LINE 11J, ABOVE, REPRESENTS CASH REQUIREMENTS FOR THE ENSUING Days</div>	<div>13. OTHER INFORMATION</div> <div>a. Interest income</div> <div>\$6.95</div> <div>b. Advances to subgrantees or subcontractors</div> <div>\$</div>																					
<div>14. REMARKS (Attach additional sheets of plain paper, if more space is required)</div> <div>FAX Number (716) 772-6904</div> <div>Report Prepared By: John Doe Phone Number: (716) 772-0011</div>																						
<div>15. CERTIFICATION</div> <table><tr><td rowspan="3">I certify to the best of my knowledge and belief that this report is true in all respects and that all disbursements have been made for the purpose and conditions of the grant or agreement</td><td>AUTHORIZED</td><td colspan="1">SIGNATURE</td><td colspan="2">DATE REPORT SUBMITTED</td></tr><tr><td>CERTIFYING</td><td colspan="3">TYPED OR PRINTED NAME AND TITLE</td></tr><tr><td>OFFICIAL</td><td colspan="3">Jane Doe, Supervisor Letter of Credit</td></tr><tr><td></td><td></td><td>(Area Code)716</td><td>(Number)772-0099</td><td>(Extension)</td></tr></table>					I certify to the best of my knowledge and belief that this report is true in all respects and that all disbursements have been made for the purpose and conditions of the grant or agreement	AUTHORIZED	SIGNATURE	DATE REPORT SUBMITTED		CERTIFYING	TYPED OR PRINTED NAME AND TITLE			OFFICIAL	Jane Doe, Supervisor Letter of Credit					(Area Code)716	(Number)772-0099	(Extension)
I certify to the best of my knowledge and belief that this report is true in all respects and that all disbursements have been made for the purpose and conditions of the grant or agreement	AUTHORIZED	SIGNATURE	DATE REPORT SUBMITTED																			
	CERTIFYING	TYPED OR PRINTED NAME AND TITLE																				
	OFFICIAL	Jane Doe, Supervisor Letter of Credit																				
		(Area Code)716	(Number)772-0099	(Extension)																		
<div>THIS SPACE FOR AGENCY USE</div>																						

FEDERAL CASH TRANSACTIONS REPORT

Approved by Office of Management and Budget No. 80-RO182

CONTINUATION

(This form is completed and attached to Standard Form 272 only when reporting more than one grant or assistance agreement.)

2. RECIPIENT ORGANIZATION (Give name only as shown in item 2, SF 272)

Thompson University
235 Second Street
Washington, D.C. 20002

1. FEDERAL SPONSORING AGENCY AND ORGANIZATIONAL

ELEMENT TO WHICH THIS REPORT IS SUBMITTED

NASA Goddard

3. PERIOD COVERED BY THIS REPORT (As shown on SF 272)

FROM (month, day, year)

TO (Month, day, year)

10/01/99

12/31/99

4. List information below for each grant or other agreement covered by this report. Use additional forms if more space is required.

FEDERAL GRANT OR OTHER IDENTIFICATION NUMBER (Show a subdivision by other identifying numbers if required by the Federal Sponsoring Agency)	RECIPIENT ACCOUNT NUMBER OR OTHER IDENTIFYING NUMBER	FEDERAL SHARE OF NET DISBURSEMENTS	
		NET DISBURSEMENTS (Gross disbursements less program income, received) FOR REPORTING PERIOD	CUMULATIVE NET DISBURSEMENTS
(a)	(b)	(c)	(d)
NAGW5 7298	F535-0	\$ 5,671.82	\$ 21,698.82
NGT5 99534	G697-1	11,943.60	43,725.00
5. TOTALS (Should correspond with amounts shown on SF 272 as follows: column (c) the same as line 11h; column (d) the sum of lines 11h and 11i of this SF 272 and cumulative disbursements shown on last report. Attach explanation of any differences.)		\$ 17,615.42	\$ 65,423.82

SAMPLE CASH FORECAST

FOR THOMPSON UNIVERSITY for Quarter Ending 3/31/94

	April	May	June	July
NAG5 7298	\$1,000	2,000	1,000	1,500
NAG5 99534	\$2,000	3,000	2,500	3,750

GUIDELINES FOR THE CASH FORECAST

Each cash forecast submitted to NASA Goddard should provide a current estimate of the projected expenditures BY GRANT FOR EACH OF THE FOUR MONTHS FOLLOWING THE QUARTER BEING REPORTED. The cash forecast SHOULD NOT be shown as one lump sum total. It must be broken down into the four month requirement Remember the cash forecast should predict future expenditures, not future draw downs of the grant.

The following are some suggestions as to how the future expenditures for the cash forecasts can be predicted:

1. Straight-line depreciation (recommended for those grants that are new)
2. Base the forecast on the previous quarters net disbursements
3. Base the forecast on the previous year's expenditures, for example, if the forecast was for April through July check to see what the net disbursements were for the reporting quarter of April, May and June of the previous year, divide this figure by three, to arrive at the forecasted expenditures for each month, do the same for the next quarter of the previous year (July, August and September) to arrive at the forecasted expenditures for July.

When forecasting future expenditures, please make sure not to have the estimate of future costs exceeding the total funding of the grant. If it is known that a grant will be receiving additional funding and it is known how much the additional funding will be, then these funds can be used in estimating for future expenditures.

Many organizations think the cash forecasts are not necessary and should be discontinued. It is also realized that the expenditures for the forecasts are often times difficult to predict. However, for NASA Goddard the cash forecast is a critical issue as to how the funding is allocated for a particular grant. Budgets for programs are determined by the rate these (forecasted) costs are incurred through the grants. Funds not costed are subject to being withdrawn and the programs may not be extended. Actual expenditures and the required four month forecast of estimated expenditures are the source data for recording costs in NASA Goddard accounting records.

The following list identifies for each quarterly report what months the four month cash forecast should be for:

Quarter Ending 3/31	April, May, June, July
Quarter Ending 6/30	July, August, September, October
Quarter Ending 9/30	October, November, December, January
Quarter Ending 12/31	January, February, March, April

INSTRUCTIONS

Please type or print legible. Items 1, 2, 8, 9, 10, 11d, 11e, 11h, and 15 are self explanatory, specific instructions for other items are as follows.

Item Entry

3 Enter employer identification number assigned by the U.S. Internal Revenue Service or the FICE (institution) code

If this report covers more than one grant or other agreement. Leave items 4 and 5 blank and provide the information on Standard Form 272-A. Report of Federal Cash Transactions-Continued; otherwise:

4 Enter Federal grant number, agreement number, or other identifying numbers if requested by sponsoring agency

5 This space reserved for an account number or other identifying number that may be assigned by the recipient.

6 Enter the letter of credit number that applies to this report. If all advances were made by Treasury check, enter "NA" for not applicable and leave items 7 and 8 blank.

7 Enter the voucher number of the last letter-of-credit payment voucher (Form TUS 5401) that was credited to your account.

11a Enter the total amount of Federal cash on hand at the beginning of the reporting period including all of the Federal funds on deposit, imprest funds, and undeposited Treasury checks

11b Enter total amount of Federal funds received through payment vouchers (Form TUS 5401, that were credited to your account during the reporting period.

11c Enter the total amount of all Federal funds received during the reporting period through Treasury checks, whether or not deposited.

11f. Enter the total Federal cash disbursements, made during the reporting period, including cash received as program income.

Disbursements as used here also include the amount of advances and payments less refunds to subgrantees or contractors, the gross amount of direct salaries and wages, including the employee's share of benefits if treated as a direct cost interdepartmental charges for supplies and service and the amount to which the recipient is entitled indirect costs.

11g Enter the Federal share of program income that was required to be used on the project or program by terms of the grant or agreement.

11i Enter the amount of all adjustments pertaining to periods affecting the ending balance that have been included in any lines above. Identify each grant agreement for which adjustment was made, and enter an explanation for each adjustment under "Remarks". Use plain sheets of paper if additional space is required.

12 Enter the estimated number of days until the cash on hand, shown on line 11j, will be expended. If more than three days cash requirements are on hand, provide explanation under "Remarks" as to why the draw down was made prematurely, or other reasons for the excess cash. The requirement for the explanation does apply to prescheduled or automatic advances.

13a Enter the amount of interest earned on advances Federal funds but not remitted to the Federal agency. If this includes any amount earned and not remitted the Federal sponsoring agency for over 60 days. Explain under "Remarks." Do not report interest earned advances to States.

13b Enter amount of advance to secondary recipients included in item 11 h.

14 In addition to providing explanations as required above give additional explanation deemed necessary by the recipient and for information required by the recipient and for information required by the Federal sponsoring agency in compliance with governing legislation. Use plain sheets of paper if additional space required

GENERAL GUIDELINES FOR FINAL REPORTING REQUIREMENTS

Once all expenditures have been reported against a particular grant a final report of all Federal Cash Transactions must be submitted to NASA Goddard. The following list of reports need to be prepared:

1. Final Technical/Administrative Report
2. Technical Representative Clearance
3. Final Property Clearance
4. New Technology Release
5. Federal Cash Transactions Report/Final Standard Form 272

Items one through four, in the preceding list should be sent to the grants and close-outs branch at NASA Goddard. The address for these reports to be sent to is as follows:

**NASA/GSFC, Code 216
Greenbelt, MD 20771**

Generally, the Federal Cash Transactions Reports, Standard Form 272, is used for the completion of the final expenditures report. However, some organizations have prepared the final expenditures report. However, some organizations have prepared the final expenditures report using the Standard Form 269A. This form can be used as a substitution for the Standard Form 272. The Standard Form 269A will be accepted as a final expenditures report at NASA Goddard.

Once a grant has been officially closed out at NASA Goddard it can not be reopened. Please make sure when the Final Federal Cash Transaction's Report is submitted that all expenditures have been reported for the grant. If a "revised" final report is sent to NASA Goddard there may be a strong possibility the grant has already been closed out. If this is the case, the "revised" final **will** be null and void.

DETAILED INSTRUCTIONS TO COMPLETE THE FINAL FEDERAL CASH TRANSACTIONS REPORT

A sample of a Final Federal Cash Transactions Report can be found on page 20 of the guidebook. A few key points should be pointed out concerning this report.

ITEM 6 Please indicate your organizations Letter of Credit number.

ITEM 10 The period covered dates should be from the inception of the grant to the completion of the grant.

ITEM 11b, c, e, f, and h:

The same figure should be shown on all of these lines. This figure should agree with the cumulative net disbursements total. This total should be found on the last quarterly report in which the grant had net disbursements reported.

ITEM 14 Please indicate the following items in this area:

1. Type "THIS IS A FINAL"
2. If money is to be deobligated (the amount of the grant is to be reduced), indicate how much money should be deobligated.
3. State which quarterly report the last expenditures for the grant will be or have been reported.
4. Indicate who prepared the final report and their phone number, in case NASA Goddard needs to make any inquiries regarding the final report.

FINAL CUMULATIVE COST EXPENDITURES REPORT

Page 21 of the guidebook illustrates a Final Cumulative Cost Expenditures Report. This report is not required by NASA Goddard. However, some organizations do submit this report as part of the final reporting requirements for the grant. This report does prove to be helpful to NASA Goddard. If this report is submitted as part of the final reporting requirements, the amount of money to be deobligated (if any at all) from the grant does not have to be stated in Item 14 on the Final Federal Cash Transactions Report. NASA Goddard encourages those organizations that are sending this report, as part of the final reporting requirements, to continue to do so. Those organizations that are not currently using the Final Cumulative Cost Expenditures Report are encouraged to begin doing so. A facsimile copy of the report may be created.

<div>FEDERAL CASH TRANSACTIONS REPORT</div> <div>(See instructions on the back. If report is for more than one grant or assistance agreement, attach completed Standard Form 272-A.)</div>			Approved by Office of Management and Budget, No. 80-RO182				
<div>2. RECIPIENT ORGANIZATION or</div> <div>NameThompson University</div> <div>number235 Second Street</div> <div>Number and StreetAttention: John Doe</div> <div>City, State and ZIP Code:Washington, D.C. 20002</div>			1. Federal sponsoring agency and organizational element to which this report is submitted				
			NASA Goodard				
			4. Federal grant or other identification number		5. Recipient's account number identifying number		
			see page 2		see page 2		
			6. Letter of credit number		7. Last payment voucher		
			199		N/A		
			Give total number for this period				
			8. Payment Vouchers credited to your account		9. Treasury checks received (whether or not deposited)		
			10. PERIOD COVERED BY THIS REPORT				
3. FEDERAL EMPLOYER IDENTIFICATION NO. 82-0006719			FROM (month, day, year) 10/01/99		TO (month, day year) 12/31/99		
<div>11. STATUS OF FEDERAL CASH</div> <div>(See specific instructions on the back)</div>			a. Cash on hand beginning of reporting period		\$ -0-		
			b. Letter of credit withdrawals		65,100.00		
			c. Treasury check payments				
			d. Total receipts (Sum of lines b and c)		65,100.00		
			e. Total cash available (Sum of lines a and d)		65,100.00		
			f. Gross disbursements		65,100.00		
			g. Federal share of program income				
			h. Net disbursements (Line f minus line g)		65,100.00		
			i. Adjustments of prior periods		-0-		
			j. Cash on hand end of period		\$ -0-		
12. THE AMOUNT SHOWN ON LINE 11J, ABOVE, REPRESENTS CASH REQUIREMENTS FOR THE ENSUING Days			13. OTHER INFORMATION				
			a. Interest income		\$		
			b. Advances to subgrantees or subcontractors		\$		
14. REMARKS (Attach additional sheets of plain paper, if more space is required)							
"THIS IS A FINAL" - Please deobligate the remaining balance of \$900.00 on the grant. The last expenditures for the grant are reported in the 12/31/99 quarterly report.							
Report Prepared By: John Doe Phone Number: (716) 772-0011							
15. CERTIFICATION							
I certify to the best of my knowledge and belief that this report is true in all respects and that all disbursements have been made for the purpose and conditions of the grant or agreement		AUTHORIZED		SIGNATURE		DATE REPORT SUBMITTED	
		CERTIFYING		TYPED OR PRINTED NAME AND TITLE			
		OFFICIAL		Jane Doe, Supervisor Letter of Credit			
				(Area Code) (Number) (Extension)			
		TELEPHONE		716		772-0099	
THIS SPACE FOR AGENCY USE							

GUIDELINES FOR THE AUTHORIZATION STATEMENT

Pages 23 and 24 of the guidebook illustrate an example of an authorization statement. Before any specifics of the authorization statement are discussed, the steps an authorization flows through will first be explained.

The process first begins when the programming office decides to award funding to an organization. The programming office completes a procurement request (PR) form. The completed form is sent to the accounting office. Once in the accounting office, the form is processed and assigned a PR number. This step of the process can take anywhere from one day to two weeks. From the accounting office, the procurement request is sent to the procurement office. In the procurement office the request is assigned a new grant number or is assigned a modification number to an existing grant number. Once the paperwork is completed in the procurement office, which once again, can take up to two weeks, it is sent to the Letter of Credit section in the accounting office. The information is then put into the accounting system and the grant file. Once this is done, the authorization statement is prepared.

NASA Goddard understands the urgency in which the authorization statements need to be processed. The Letter of Credit accounting personnel will make a valiant effort to try to process these statements as promptly as possible.

The authorization statement is fairly simple and straightforward. The section of the authorization statement that will be explained can be seen on page 24 of the guidebook.

The section at the top of the page shows how much funding was added or subtracted to a particular grant. If funds are to be deobligated from a grant for the final reporting requirements the deobligation will be shown in this section of the authorization statement. In this sample authorization statement, \$900.00 was deobligated from grant NGT5 99534 because the grant is being closed out. This section will also show any new grant funding or any addition of funds to a current grant.

National Aeronautics and
Space Administration

Goddard Space Flight Center
Greenbelt, MD 20771

reply to Attn of: 151.2A

NOV 21 1996

University
Contracts & Grants Acctg
Address
City, State Zip

Subject: Notification of increase to GSFC Leper of Credit Authorization for the
Payment Management System (LOC-PMS)

Effective Nov. 22, 1996, the funding level of your letter of Credit has been revised by the amount noted below. This revision reflects initial Amendment, which was forwarded to the Department of Health and Human Services. This revision represents a net increase to the LOC - PMS available authorization balance in the amount of \$650,000, and affects the following agreements:

GRANT/CONTRACT	OBLIGATION AMOUNT
NCC5-116	\$650,000
NAG5-	
	<hr/>
	\$650,000

As of today, the total amount authorized is \$ 650,000.00. Any questions concerning this amendment should be directed to Dianne Lim at GSFC on (301) 286-3826.

All inquiries regarding PMS payments should be directed to:

Chief, Recipient Financing and Cash Management Branch, HHS P.O. Box 6021 Rockville, MD. 20852 Tel. No.: (301) 443-9180

Marilyn Mitchell, Asst. Head
Funds Control Branch
Financial Management Division, GSFC

MISCELL4NEOUS GUIDELINES
FOR THE LETTER OF CREDIT PROCESS

The following are some miscellaneous guidelines concerning the Letter of Credit process.

1. All organizations should have a copy of the FMM Appendix 9280-2A entitled "Instructions to recipient organizations for acquiring advance payment by Letter of Credit." If your organization does not have a copy of this appendix, please call NASA Goddard to obtain one.
2. It is the responsibility of the Department of Health and Human Services to send all organizations operating with the Letter of Credit process a copy of the following manuals:
 - a. DHHS Manual for Recipients Financed Under the Payment Management System (PMS), dated January, 1994
 - b. Payment Management System Smartlink II User's Manual, dated April, 1994.

If your organization does not have copies of these manuals, please call the Department of Health and Human Services to obtain them.
3. Please do not send NASA Goddard any monthly, quarterly, or yearly reports for an individual grant. These reports are riot required, and may cause extra work and some confusion at NASA organizations with multiple grants are required to use the Standard Form 272-A continuation sheets (see page 9 for an example) rather than prepare a separate Federal Cash Transactions Report for each grant.
4. NASA Goddard does not allow different grants with the same organization to operate under both the cash payments system and the Letter of Credit system. All grants will either be assigned to the cash payments system or the Letter of Credit system.

*A CHECKLIST FOR THE QUARTERLY
FEDERAL CASH TRANSACTIONS REPORT*

1. Your organization's Letter of Credit number is indicated in Item 6.
2. The period covered dates in Item 10 are for the correct quarter.
3. For all lines in Item 11, the figures have been added and/or subtracted correctly.
4. If any adjustments have occurred, an explanation for these adjustments has been noted in Item 14. Be sure to include any grant numbers the adjustments may have reflected.
5. If there is a positive cash on hand balance in Item 12, it was noted in Item 12 how many days it took to spend the excess cash. And in Item 13a it was noted how much interest had been earned due to the excess cash. If a check was sent to the Department of Health and Human Services, it has been noted in Item 14.
6. The individual who prepared the report, their phone number and fax number has been provided in Item 14.
7. The four month cash forecast is attached to the report. The cash forecast is broken down into the four months following the just ended quarter for each grant on the report.
8. Only the original of the quarterly Federal Cash Transactions Report is being mailed to NASA Goddard Code 15. No copies are needed. If the report is not going to arrive via mail to NASA GSFC before the quarterly due date, a copy has been faxed to the attention of Gaynell Johnson (301) 286-1749.
9. If at all possible, please list the grants in numerical order on the quarterly reports. This will help the accountants at NASA Goddard to process the reports more efficiently.

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9280-2A INSTRUCTIONS TO RECIPIENT ORGANIZATIONS

INSTRUCTIONS TO RECIPIENT ORGANIZATIONS FOR ACQUIRING ADVANCE PAYMENT BY LETTER OF CREDIT

a. PURPOSE

The purpose of these instructions is to set forth the procedures to be followed by participating recipient organizations for obtaining advance payments from NASA utilizing the Department of Health and Human Services' Payment Management System (PMS), a letter of credit system.

b. AUTHORITY

These instructions are established under the provisions of Treasury Department Circular 1075, Withdrawal of Cash from Treasury for Advances Under Federal Grant and Other Programs, Office of Management and Budget Circular A- I 10, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals and Other Nonprofit Organizations, and contract provisions for advance payments.

c. GENERAL

The letter of credit method of financing shall be used by NASA for recipient organizations awarded grants or contracts with advance payment provisions when (a) there is or will be a continuing relationship between the recipient and a NASA Center for at least a 12-month period and the total annual amount to be advanced to the recipient on all grants is \$120,000 dollars or more; (b) the recipient organization has demonstrated a willingness to maintain procedures that will minimize the time elapsing between the transfer of funds and their disbursement; and (c) the recipient organization's financial management system provides for:

- (1) Accurate, current, and complete disclosure of the financial results of each federally sponsored project or program in accordance with the financial reporting requirements.
- (2) Effective control over and accountability for all funds, property, and other assets. Recipients shall adequately safeguard all such assets and assure they are used solely for authorized purposes.
- (3) Written procedures to minimize the time elapsing between the transfer of funds and the disbursement of funds.
- (4) Written procedures for determining the reasonableness, allocability, and allowability of costs in accordance with the provisions of the applicable Federal cost principles and the terms of the contract, grant, or other agreement.

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(5) Recipients' financial management systems shall also adhere to:

- (a) **Grants.** Standards for financial management systems as specified in OMB Circular A- I 10 and the Grant and Cooperative Agreement Handbook (NPG 5800.1).
- (b) **Contracts.** Generally accepted accounting principles and standards and standards for financial management and reporting as specified in relevant contract clauses.

Reimbursement by electronic funds transfer, rather than advance payments, will be used when the recipient's financial management system does not meet the standards for fund control, accountability, and financial reporting or when the recipient is unwilling or unable to meet cash management requirements.

d. FINANCIAL REPORTING REQUIREMENTS

Recipients are required to submit a Federal Cash Transactions Report (SF 272 -Attachment 1), and, when applicable, a Continuation Sheet (SF 272A - Attachment 2) to the cognizant NASA Center. The original and two copies of the SF 272 report shall be submitted within 15 working days following the end of each Federal fiscal quarter, i.e., December 31, March 31, June 30, and September 30. One Federal Cash Transactions Report shall be submitted for all grants and contracts financed under a letter of credit arrangement with a NASA Center.

All recipients must include a cost forecast under Item 14, "Remarks", of the SF 272. Each forecast will provide a current estimate of costs anticipated to be incurred by grant or contract for each of the four months following the quarter being reported. If the SF 272 shows a negative figure for "Cash on hand end of period" (Item I 1j), do not include this figure in the projections.

In addition, any adjustment of the fourth month's estimate for the prior reporting period will be reflected in the first month's estimate of the current reporting period and will be accompanied by an explanation of any material (greater than ten percent) differences.

The forecast submitted by letter of credit recipients will be used to monitor and evaluate drawdowns. NASA will also use these forecasts as a basis for accruing costs.

A final Federal Cash Transactions Report shall be submitted in duplicate at the conclusion of work under a grant or contract. The SF 272 shall pertain only to the completed grant or contract and shall include total disbursements from inception through completion. The report shall be marked "Final".

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e. CASH MANAGEMENT REQUIREMENTS

- (1) **REPORTING INTEREST.** Recipients are required to maintain advances of Federal funds in interest bearing accounts, unless: (1) they receive less than \$120,000 in Federal awards per year, (2) the best reasonably available interest bearing account would not be expected to earn in excess of \$250 per year on Federal cash balances, and (3) the depository would require an average or minimum balance so high that it would not be feasible within the expected Federal non-Federal cash resources. Interest earned on advances in interest bearing accounts in excess of \$250 per year shall be remitted annually to the Department of Health and Human Services, Payment Management System, Rockville, MD 20852. Interest amounts up to \$250 per year may be retained by the recipient for administrative expenses.

The remittance should be made payable to DHHS and should indicate the recipient organization's Entity Identification Number (EIN) and reason, i.e., "Interest earned".

- (2) **ERRONEOUS WITHDRAWAL OF EXCESS FUNDS.** The letter of credit system is designed to make funds available to a recipient organization on the first business day following receipt of a request for funds. Recipient organizations are required to (a) request the minimum amount of funds needed; and (b) schedule such requests so that cash advances coincide with actual, immediate cash requirements in accordance with Treasury Department Circular 1075.

NASA will monitor letter of credit drawdowns to ensure that the timing and amount of cash advances are as close as administratively feasible to actual disbursements. Should funds be erroneously drawn in excess of actual needs, one of two actions should be taken: (a) if the request itself was made erroneously, the recipient organization should contact its financial institution and request that the payment be returned; or (b) if the payment has already been deposited or the excess drawdown is only part of the total payment, the recipient organization should promptly remit the excess funds to the Department of Health and Human Services, Payment Management System, Rockville, MD 20852.

The remittance should be made payable to DHHS and should indicate the recipient organization's Entity Identification Number (EIN) and reason, e.g., "Excess funds erroneously drawn".

f. LETTER OF CREDIT PROCEDURES

- (1) **INITIAL AUTHORIZATION.** A Direct Deposit Sign-up form (SF 1199A -Attachment 3) and a "SMARTLINK II/VACH Organizational Data form (Attachment 4) must be on file before funds may be advanced. The recipient organization shall forward the forms along with the initial cash forecast (see paragraph 4) as soon as practicable, but no later than four (4) weeks prior to implementation, to the DCFO of the cognizant NASA Center. An official who is known to the NASA Center shall sign the forms.

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Upon receipt of the completed Direct Deposit Sign-up form, Organizational Data form, and cash forecast, the NASA Center will forward notification of the authorization amount and effective date, by a letter of advice, to the recipient organization.

Instructions, an account number, and a password will be forwarded to the recipient by the Department of Health and Human Services (see Procedures for Drawing Federal Funds).

(2) **REPORTING CHANGES IN RECIPIENT ORGANIZATION DATA.** A revised Direct Deposit Sign-up form (SF 1199A) shall be submitted should any of the following occur:

- (a) change or termination of the official(s) authorized to sign the forms;
- (b) change in the name or address of the recipient organization; or
- (c) change in the account or financial institution.

A "SMARTLINK II" VACH Organizational Data form shall be submitted should any of the following occur:

1 change or termination of the official(s) authorized to sign the forms;

2 change in the contact names or telephone numbers.

(3) **AMENDMENTS.** Funding actions result in an increase or decrease in the authorized amount of the letter of credit. Amendments to the authorized amount are issued by the cognizant NASA Financial Management Office. Upon notification that a funding action has been taken, the Financial Management Office will advise the recipient organization of the amount, whether the total authorization has been increased or decreased, and the effective date of the change.

(4) **PROCEDURES FOR DRAWING FEDERAL FUNDS.** Recipient requests for funds are submitted through the PMS SMARTLINK 11 on-line system. Requests for funds are processed from a recipient organization's personal computer.

The equipment necessary to use PMS SMARTLINK II include a personal computer, a modem, telecommunications software and a telephone line.

Instructions on installing and using PMS SMARTLINK 11, the SMARTLINK 11 account number, and password will be provided by the Department of Health and Human Services.

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- (5) **SUSPENSION.** Letter of credit payments will be suspended if the recipient organization has failed to comply with: (1) financial management system requirements; (2) financial reporting requirements; or (3) cash management requirements. Under suspension, the recipient's costs shall be reimbursed until the condition is remedied. Advance financing shall be suspended when two successive quarterly SF272 reports are late or when two reports are late in a fiscal year.
- (6) **TERMINATION.** A letter of credit arrangement may be terminated for any of the following reasons:
- (a) The annual aggregate financing level falls below \$120,000. If the reduction is temporary, the letter of credit arrangement may remain in force.
 - (b) The business relationship between the NASA Center and the recipient organization is completed or terminated (except when follow-on awards are expected to be authorized).
 - (c) The cognizant NASA Financial Management Office determines that progress is not satisfactory toward achievement of the cash management objective of the letter of credit method of financing.
 - (d) The recipient organization's financial management system does not meet the standards for fund control, accountability, and financial reporting (including failure to complete and submit periodic reports on a timely basis).

Advance financing will be terminated if the recipient fails to correct a condition causing suspension within a reasonable period of time. Upon termination, the recipient organization shall finance its operations with its own working capital and be reimbursed by NASA. The cognizant NASA Center will promptly notify the recipient in writing of the determination, the reasons for termination and the effective date.

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9280-2B INSTRUCTIONS TO RECIPIENT ORGANIZATIONS

INSTRUCTIONS TO RECIPIENT ORGANIZATIONS FOR ACQUIRING ADVANCE PAYMENT BY ELECTRONIC FUNDS TRANSFER

a. PURPOSE

The purpose of these instructions is to set forth the procedures to be followed by participating recipient organizations for obtaining advance payments by electronic funds transfer (EFT) from NASA when the award does not qualify for a letter of credit.

b. AUTHORITY

These instructions are established under the provisions of Treasury Department Circular 1075, Withdrawal of Cash from Treasury for Advances Under Federal Grant and Other Programs, Office of Management and Budget Circular A- I 10, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals and Other Nonprofit Organizations, and contract provisions for advance payments.

c. FINANCIAL REPORTING REQUIREMENTS

- (1) **INITIAL CASH ADVANCE.** The amount of an initial cash advance by EFT will be determined by the Grant or Contracting Officer in negotiation with officials of the recipient organization. The recipient organization shall prepare a planned disbursement schedule for paying obligations incurred pursuant to satisfying the program performance requirements of the grant or contract. A cash advance will not be made until a copy of the grant agreement or contract has been received by the cognizant Financial Management Office. Subsequent cash advances will be based upon the recipient organization's projected costs as reported on the SF 272, Federal Cash Transactions Report.
- (2) **FEDERAL CASH TRANSACTIONS REPORT (SF 272).** All recipients of advance payments are required to submit a Federal Cash Transactions Report (SF 272 - Attachment 1), and, when applicable, a Continuation Sheet (SF 272A -Attachment 2) to the cognizant NASA Center. The original and two copies of the SF 272 report shall be submitted within 15 business days following the end of each Federal fiscal quarter, i.e., December 31, March 31, June 30, and September 30.

All recipients must include a cost forecast under Item 14 "Remarks", of the SF 272. Each forecast will provide a current estimate of costs anticipated to be incurred by grant or contract for each of the four months following the quarter being reported. If the SF 272 shows a negative figure for "Cash on hand end of period" (Item I 1j), do not include this figure in the projections..

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The forecasts submitted by recipients will be used to schedule payments. NASA will also use these forecasts as a basis for accruing costs.

A final Federal Cash Transactions Report shall be submitted in duplicate at the conclusion of work under a grant or contract. The SF 272 shall pertain only to the completed grant or contract and shall include cumulative disbursements from inception through completion. The report shall be marked "Final".

- (3) **REPORTING INTEREST.** Recipients shall maintain advances of Federal funds in interest bearing accounts unless otherwise notified. Interest amounts up to \$250 per year may be retained by the recipient organization for administrative expenses. Interest earned on advances in excess of \$250 per year deposited in such accounts shall be remitted annually to the Department of Health and Human Services, Payment Management System, Rockville, MD 20852.

d. **FINANCIAL MANAGEMENT SYSTEM REQUIREMENTS**

The recipient's financial management system shall provide for:

- (1) Accurate, current, and complete disclosure of the financial results of each federally sponsored project or program in accordance with the financial reporting requirements.
- (2) Effective control over and accountability for all funds, property, and other assets. Recipients shall adequately safeguard all such assets and assure they are used solely for authorized purposes.
- (3) Written procedures for determining the reasonableness, allowability, and allocability of costs in accordance with the provisions of the applicable Federal cost principles and the terms of the contract, grant, or other agreement.
- (4) Recipients' financial management systems shall also adhere to:
 - (a) Grants. Standards for financial management systems as specified in OMB Circular A- 110 and the Grant and Cooperative Agreement Handbook (NPG 5800.1).
 - (b) Contracts. Generally accepted accounting principles and standards and standards for financial management and reporting as specified in relevant contract clauses.

e. **AUTOMATED CLEARING HOUSE PROCEDURES**

- (1) **INITIAL PAYMENT INFORMATION.** A Payment Information Form - ACH Vendor Payment System (TFS 3881 - Attachment 3) must be on file before funds may be advanced. The recipient organization shall forward the form as soon as practicable to the DCFO of the cognizant NASA Center.

NASA Financial Management Manual

(2) **REPORTING CHANGES IN PAYMENT INFORMATION.** A revised Payment Information Form - ACH Vendor Payment System (TFS 3 88 1) shall be submitted should any of the following occur:

- (a) change in the name or address of the recipient organization; or
- (b) change in the account or financial institution.

f. **SUSPENSION AND TERMINATION**

Advance payments will be suspended if the recipient organization has failed to comply with: (1) financial management system requirements; (2) financial reporting requirements; or (3) interest reporting requirements. Under suspension, the recipient's cost shall be reimbursed until the condition is remedied. Advance financing shall be suspended when two successive quarterly SF 272 reports are late or when two reports are late in a fiscal year..

A decision to terminate the advance financing agreement shall be predicated upon a recipient organization's demonstration of an unwillingness or inability to comply with financial management system, interest reporting, or financial reporting requirements. Advance financing will be terminated if the recipient fails to correct a condition causing suspension within a reasonable period of time. Upon termination, the recipient organization shall finance its operations with its own working capital and be reimbursed by NASA. The cognizant NASA Center will promptly notify the recipient in writing of the determination, the reasons for termination, and the effective date.